

# Senate File 599 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 1348)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing the office of energy independence and the  
2 Iowa power fund and related provisions, making appropriations,  
3 and providing an effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2886SV 82  
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1 1 SUBCHAPTER I  
1 2 GENERAL PROVISIONS  
1 3 Section 1. NEW SECTION. 469.1 DEFINITIONS.  
1 4 For the purposes of this chapter:  
1 5 1. "Board" means the Iowa power fund board created in  
1 6 section 469.6.  
1 7 2. "Committee" means the due diligence committee created  
1 8 in section 469.7.  
1 9 3. "Director" means the director of the office of energy  
1 10 independence.  
1 11 4. "Fund" means the Iowa power fund created in section  
1 12 469.9.  
1 13 5. "Office" means the office of energy independence.  
1 14 Sec. 2. NEW SECTION. 469.2 OFFICE OF ENERGY  
1 15 INDEPENDENCE.  
1 16 The office of energy independence is established to  
1 17 coordinate state activities concerning energy independence.  
1 18 Sec. 3. NEW SECTION. 469.3 DIRECTOR OF OFFICE OF ENERGY  
1 19 INDEPENDENCE.  
1 20 1. A director of the office of energy independence shall  
1 21 be appointed by the governor, subject to confirmation by the  
1 22 senate, and shall serve at the pleasure of the governor. The  
1 23 governor shall fill a vacancy in the office in the same manner  
1 24 as the original appointment was made. The director shall be  
1 25 selected primarily for administrative ability and knowledge  
1 26 concerning renewable energy, renewable fuels, and energy  
1 27 efficiency. The salary of the director shall be fixed by the  
1 28 governor.  
1 29 2. The director shall do all of the following:  
1 30 a. Direct the office of energy independence.  
1 31 b. Coordinate the administration of the Iowa power fund.  
1 32 c. Lead outreach and public education efforts concerning  
1 33 renewable energy, renewable fuels, and energy efficiency.  
1 34 d. Pursue new research and investment funds from federal  
1 35 and private sources.  
2 1 e. Coordinate and monitor all existing state and federal  
2 2 renewable energy, renewable fuels, and energy efficiency  
2 3 grants, programs, and policy.  
2 4 f. Advise the governor and general assembly concerning  
2 5 renewable energy, renewable fuels, and energy efficiency  
2 6 policy and legislation.  
2 7 g. Establish performance measures for determining  
2 8 effectiveness of renewable energy, renewable fuels, and energy  
2 9 efficiency efforts.  
2 10 h. Contract for and utilize assistance from the department  
2 11 of economic development regarding administration of grants,  
2 12 loans, and other financial incentives related to section  
2 13 469.9, subsection 4, paragraph "a", subparagraph (1), the  
2 14 department of natural resources and the utilities board  
2 15 regarding assistance in the administration of grants, loans,  
2 16 and other financial incentives related to section 469.9,  
2 17 subsection 4, paragraph "a", subparagraph (2), and other state

2 18 agencies as appropriate.

2 19 i. Develop an Iowa energy independence plan pursuant to  
2 20 section 469.4.

2 21 j. Submit an annual report to the governor and general  
2 22 assembly by November 1 of each year concerning the activities  
2 23 and programs of the office, Iowa power fund, and other  
2 24 departments related to renewable energy, renewable fuels, and  
2 25 energy efficiency. The report shall include an assessment of  
2 26 needs with respect to renewable energy, renewable fuels, and  
2 27 energy efficiency efforts and policy and fiscal  
2 28 recommendations for renewable energy, renewable fuels, and  
2 29 energy efficiency. In addition, the director shall review  
2 30 issues related to transportation of biofuels and explore  
2 31 leading and participating in multistate efforts related to  
2 32 renewable energy and energy efficiency.

2 33 k. Adopt rules pursuant to chapter 17A concerning the  
2 34 office, the Iowa power fund, and the programs and functions of  
2 35 the office and the fund.

3 1 Sec. 4. NEW SECTION. 469.4 IOWA ENERGY INDEPENDENCE  
3 2 PLAN.

3 3 1. The director shall develop an Iowa energy independence  
3 4 plan with the assistance of the department of natural  
3 5 resources as provided in section 473.7, and in association  
3 6 with public and private partners selected by the director  
3 7 including representatives of the energy industry,  
3 8 environmental interests, agricultural interests, business  
3 9 interests, other interested parties, and members of the  
3 10 general public. The plan shall be subject to approval by the  
3 11 board.

3 12 2. The plan shall provide cost-effective options and  
3 13 strategies for reducing the state's consumption of energy,  
3 14 dependence on foreign sources of energy, use of fossil fuels,  
3 15 and greenhouse gas emissions. The options and strategies  
3 16 developed in the plan shall provide for achieving energy  
3 17 independence from foreign sources of energy by the year 2025.

3 18 3. The plan shall be initially submitted to the governor  
3 19 and members of the general assembly by December 14, 2007, and  
3 20 by December 14 annually thereafter. The plan shall be made  
3 21 electronically available to the public. The director shall  
3 22 conduct public meetings around the state to gather input to be  
3 23 used in developing the plan.

3 24 4. The plan shall identify cost-effective options and  
3 25 strategies that will allow the state to accomplish the  
3 26 following:

3 27 a. Maximize use of emerging technologies and practices to  
3 28 enhance energy efficiency and conservation.

3 29 b. Maximize use of emerging technologies and practices to  
3 30 develop alternative and renewable energy sources.

3 31 c. Promote sustainable land use, soil conservation, clean  
3 32 air, sustainable water supply, and clean water practices.

3 33 d. Reduce greenhouse gas emissions, both on an aggregate  
3 34 and per capita basis.

3 35 5. In addition to the provisions of subsection 4, the plan  
4 1 shall:

4 2 a. Identify the road, transit, trail, rail, pipeline,  
4 3 transmission, distributed generation, and other infrastructure  
4 4 investments needed to enhance the state's energy independence  
4 5 efforts.

4 6 b. Identify strategies to increase affordability of energy  
4 7 for individuals, families, organizations, and businesses,  
4 8 including low-income persons.

4 9 c. Review and assess the effectiveness of existing state  
4 10 programs, including but not limited to financial assistance  
4 11 programs and tax policies, in enhancing the state's energy  
4 12 independence efforts.

4 13 d. Develop short-term and long-term recommendations  
4 14 regarding state energy regulatory policy.

4 15 e. Develop short-term and long-term recommendations for  
4 16 the role of individuals, families, community organizations,  
4 17 cities, counties, public and private education institutions,  
4 18 and state agencies in enhancing the state's energy  
4 19 independence efforts.

4 20 Sec. 5. NEW SECTION. 469.5 INTELLECTUAL PROPERTY.

4 21 The director shall promote utilization across the state of  
4 22 the results of research, development, and commercialization  
4 23 activities funded in whole or in part by the Iowa power fund.  
4 24 The director is authorized to negotiate provisions with  
4 25 applicants that address issues relating to income generated  
4 26 from patents, trademarks, licenses, or royalties expected to  
4 27 be produced as a result of moneys proposed to be expended from  
4 28 the fund. The director may seek assistance from appropriate

4 29 state agencies or outside expertise. An applicant shall not  
4 30 be prevented from protecting any previously developed  
4 31 intellectual property.

4 32 Sec. 6. NEW SECTION. 469.6 IOWA POWER FUND BOARD.

4 33 1. An eighteen-member Iowa power fund board is created  
4 34 with the following membership:

4 35 a. The chairperson of the utilities board or the  
5 1 chairperson's designee.

5 2 b. The director of the department of economic development  
5 3 or the director's designee.

5 4 c. The director of the department of natural resources or  
5 5 the director's designee.

5 6 d. The secretary of agriculture or the secretary's  
5 7 designee.

5 8 e. Seven members appointed by the governor subject to  
5 9 confirmation by the senate. An appointee shall have  
5 10 demonstrated experience or expertise in one or more of the  
5 11 fields of renewable energy, renewable fuels, energy  
5 12 efficiency, greenhouse gas reductions, utility operations,  
5 13 agribusiness, research and development of new technologies,  
5 14 commercialization of new technologies, economic development,  
5 15 and finance. The members shall be from the nonpublic sector,  
5 16 business, or a research institution.

5 17 f. Seven members serving in an ex officio, nonvoting  
5 18 capacity, appointed as follows:

5 19 (1) One member of the senate appointed by the majority  
5 20 leader of the senate.

5 21 (2) One member of the senate appointed by the minority  
5 22 leader of the senate.

5 23 (3) One member of the house of representatives appointed  
5 24 by the majority leader of the house of representatives.

5 25 (4) One member of the house of representatives appointed  
5 26 by the minority leader of the house of representatives.

5 27 (5) One member representing the state board of regents  
5 28 appointed by the president of the state board of regents.

5 29 (6) One member representing the community colleges  
5 30 appointed by the executive director of the Iowa association of  
5 31 community college presidents.

5 32 (7) One member representing independent colleges and  
5 33 universities appointed by the president of the Iowa  
5 34 association of independent colleges and universities.

5 35 A legislative member is eligible for per diem and expenses  
6 1 as provided in section 2.10.

6 2 2. The members appointed by the governor shall be  
6 3 appointed for three-year staggered terms beginning and ending  
6 4 as provided in section 69.19. A vacancy on the board shall be  
6 5 filled for the unexpired term in the same manner as the  
6 6 original appointment was made.

6 7 3. The members of the board shall be reimbursed for actual  
6 8 and necessary travel and related expenses incurred in the  
6 9 discharge of official duties. Each member of the board may  
6 10 also be eligible to receive compensation as provided in  
6 11 section 7E.6.

6 12 4. A majority of the voting members of the board  
6 13 constitutes a quorum, and a majority of the total voting  
6 14 membership of the board is necessary to act in any matter  
6 15 within the jurisdiction of the board.

6 16 5. The duties of the board include all of the following:

6 17 a. Consider and approve grants, loans, or investments and  
6 18 other financial incentives made from the fund.

6 19 b. Advise the governor and director concerning strategic  
6 20 direction for the fund.

6 21 c. Provide the governor with advice concerning economic  
6 22 development, policy, technical issues, and strategic direction  
6 23 concerning renewable energy, renewable fuels, and energy  
6 24 efficiency.

6 25 d. Direct moneys from the fund to be used to purchase  
6 26 private or public technical assistance needed to conduct due  
6 27 diligence activities and to develop an Iowa energy  
6 28 independence plan.

6 29 Sec. 7. NEW SECTION. 469.7 DUE DILIGENCE COMMITTEE.

6 30 1. A seven-member due diligence committee is created to  
6 31 review applications that will come before the board for  
6 32 financial assistance from moneys in the fund. The committee,  
6 33 after a thorough review, shall determine whether a proposed  
6 34 project using moneys from the fund is practical, economically  
6 35 feasible, and furthers the goals of the fund, and shall

7 1 provide recommendations to the board regarding any moneys

7 2 proposed to be expended from the fund. The recommendations

7 3 may be conditional or recommend that a proposal be rejected.

7 4 Membership of the committee shall consist of the following:

- 7 5 a. One member designated by the director of the office of  
7 6 energy independence with expertise in the financing of new  
7 7 businesses.
- 7 8 b. One member designated by the president of the state  
7 9 board of regents.
- 7 10 c. One member designated by the director of the department  
7 11 of economic development.
- 7 12 d. One member designated by the director of the Iowa  
7 13 energy center.
- 7 14 e. One member from a single bioscience development  
7 15 organization determined by the director of the department of  
7 16 economic development to possess expertise in the promotion and  
7 17 commercialization of biotechnology.
- 7 18 f. Two members of the Iowa power fund board designated by  
7 19 the chairperson of the board.

7 20 2. A majority of the members of the committee shall  
7 21 constitute a quorum, and a quorum shall be necessary to act on  
7 22 any matter within the jurisdiction of the committee.

7 23 3. The director of the office of energy independence shall  
7 24 provide office space, staff assistance, and necessary supplies  
7 25 and equipment to the committee. The director shall budget  
7 26 moneys to pay the compensation expenses of the committee. In  
7 27 performing its functions, the committee is performing a public  
7 28 function on behalf of the state and is a public  
7 29 instrumentality of the state.

7 30 Sec. 8. NEW SECTION. 469.8 CONFLICTS OF INTEREST.

7 31 If a member of the board or due diligence committee has an  
7 32 interest, either direct or indirect, in a project for which  
7 33 financial assistance may be provided by the board, the  
7 34 interest shall be fully disclosed to the board in writing.  
7 35 The member having the interest shall not participate in the  
8 1 decision-making process with regard to the provision of such  
8 2 financial assistance to the project.

8 3 Sec. 9. NEW SECTION. 469.9 IOWA POWER FUND.

8 4 1. An Iowa power fund is created in the state treasury  
8 5 under the control of the office. The fund shall be separate  
8 6 from the general fund of the state and the balance in the fund  
8 7 shall not be considered part of the balance of the general  
8 8 fund of the state. However, the fund shall be considered a  
8 9 special account for the purposes of section 8.53, relating to  
8 10 generally accepted accounting principles.

8 11 2. The fund shall be used to further the goals of  
8 12 increasing the research, development, production, and use of  
8 13 biofuels and other sources of renewable energy, improve energy  
8 14 efficiency, and reduce greenhouse gas emissions, and shall  
8 15 encourage, support, and provide for research, development,  
8 16 commercialization, and the implementation of energy  
8 17 technologies and practices. The technologies and practices  
8 18 should reduce this state's dependence on foreign sources of  
8 19 energy and fossil fuels.

8 20 3. The fund shall consist of appropriations made to the  
8 21 fund and other moneys available to and obtained or accepted by  
8 22 the office from federal or private sources to the credit of  
8 23 the fund. Notwithstanding section 12C.7, subsection 2,  
8 24 interest or earnings on moneys in the fund shall be credited  
8 25 to the fund.

8 26 4. a. Moneys available in the fund for a fiscal year are  
8 27 appropriated to the office to be used in providing financial  
8 28 assistance to entities conducting business, research, or  
8 29 programs in Iowa:

8 30 (1) To accelerate research and development, knowledge  
8 31 transfer, technology innovation, and improve the economic  
8 32 competitiveness of efforts furthering the goals stated in  
8 33 subsection 2.

8 34 (2) To increase the demand for and educate the public  
8 35 about technologies and approaches furthering the goals stated  
9 1 in subsection 2.

9 2 b. Eligibility criteria for grants awarded or loans made  
9 3 pursuant to paragraph "a" after due diligence activities shall  
9 4 be established by the director by rule, and shall include  
9 5 documentation relating to the actual or potential development  
9 6 of the following:

9 7 (1) Commercialization of technology and product  
9 8 development for sale in the national and international market.

9 9 (2) Utilization of crops and products, grown or produced  
9 10 in this state that maximize the value of crops used as  
9 11 feedstock in biomanufacturing products and as coproducts.

9 12 (3) Reduction of greenhouse gas emissions and carbon  
9 13 sequestration.

9 14 (4) Private or federal matching funds.

9 15 c. The board may reclaim any moneys granted or loaned if

9 16 the commitments set forth in the documentation required  
9 17 pursuant to paragraph "b" are not met.  
9 18 d. All grant and loan recipients must provide to the board  
9 19 a report on the use and effectiveness of the moneys granted or  
9 20 loaned on a periodic basis as determined by the board.  
9 21 5. Except as otherwise designated by law, the office shall  
9 22 utilize up to one and five-tenths percent of the amount  
9 23 appropriated from the fund for a fiscal year for  
9 24 administrative costs.

9 25 6. Notwithstanding section 8.33, moneys credited to the  
9 26 Iowa power fund shall not revert to the fund from which  
9 27 appropriated.

9 28 Sec. 10. NEW SECTION. 469.10 IOWA POWER FUND ==  
9 29 APPROPRIATION.

9 30 1. There is appropriated from the general fund of the  
9 31 state to the office of energy independence for each fiscal  
9 32 year of the fiscal period beginning July 1, 2008, and ending  
9 33 June 30, 2011, the sum of twenty-five million dollars to be  
9 34 used for awarding grants and making loans from the Iowa power  
9 35 fund created in section 469.9.

10 1 2. Of the moneys appropriated to the office and deposited  
10 2 in the fund, at least ten percent shall be allocated for  
10 3 energy planning, energy education, and energy efficiency.

10 4 3. Of the moneys appropriated to the office and deposited  
10 5 in the fund, there shall be allocated on an annual basis two  
10 6 million five hundred thousand dollars to the department of  
10 7 economic development for deposit into the workforce training  
10 8 and economic development funds of the community colleges  
10 9 created pursuant to section 260C.18A. Of the funds so  
10 10 deposited into the workforce training and economic development  
10 11 funds of the community colleges, two million five hundred  
10 12 thousand dollars shall be used each year in the development  
10 13 and expansion of energy industry areas and for the  
10 14 department's north American industrial classification system  
10 15 for targeted industry areas established pursuant to section  
10 16 260C.18A.

#### 10 17 SUBCHAPTER II

#### 10 18 FINANCIAL INCENTIVES FOR BIOMASS, 10 19 BIOREFINERY, RENEWABLE ENERGY, AND 10 20 ENERGY EFFICIENCY PROJECTS

10 21 Sec. 11. NEW SECTION. 469.31 DEFINITIONS.

10 22 As used in this chapter, unless the context otherwise  
10 23 requires:

10 24 1. "Agricultural animal" means the same as defined in  
10 25 section 717A.1.

10 26 2. "Alternative and renewable energy" means energy sources  
10 27 including but not limited to solar, wind turbine, waste  
10 28 management, resource recovery, recovered energy generation,  
10 29 refuse-derived fuel, hydroelectric, agricultural crops or  
10 30 residues, hydrogen produced using renewable fuel sources, and  
10 31 woodburning, or relating to renewable fuel development and  
10 32 distribution.

10 33 3. "Biobased material" means a material in which carbon is  
10 34 derived in whole or in part from a renewable resource.

10 35 4. "Biobased product" means a product generated by  
11 1 blending or assembling of one or more biobased materials,  
11 2 either exclusively or in combination with nonbiobased  
11 3 materials, in which the biobased material is present as a  
11 4 quantifiable portion of the total mass of the product.

11 5 5. "Biomass" means organic material that is available on a  
11 6 renewable or recurring basis, including but not limited to  
11 7 crops; plants, including aquatic plants and grasses; residues;  
11 8 trees grown for energy production; wood waste and wood  
11 9 residues; fibers; animal wastes and other waste materials;  
11 10 animal fats; and other fats, oils, and greases including  
11 11 recycled fats, oils, and greases.

11 12 6. "Biorefinery" means a cluster of biobased industries  
11 13 producing power, fuel, materials, chemicals, and products.

11 14 7. "Cellulosic biomass renewable fuel" means renewable  
11 15 fuel derived from an lignocellulosic or hemicellulosic matter  
11 16 that is available on a renewable or recurring basis, including  
11 17 dedicated energy crops and trees, wood and wood residues,  
11 18 plants, grasses, agricultural residues, fiber, animal wastes  
11 19 and other waste materials, refuse-derived fuel, and municipal  
11 20 solid waste.

11 21 8. "Crop" means the same as defined in section 717A.1.

11 22 9. "Recovered energy generation" means a recycled energy  
11 23 system, other than a system whose primary purpose is the  
11 24 generation of electricity, which produces electricity from  
11 25 currently unused waste heat resulting from combustion or other  
11 26 processes and which does not use an additional combustion

11 27 process.

11 28 10. "Renewable fuel" means a fuel that is all of the  
11 29 following:

11 30 a. A motor vehicle fuel that is any of the following:

11 31 (1) Produced from grain; starch; oilseed; vegetable,  
11 32 animal, or fish materials, including but not limited to fats,  
11 33 greases, and oil; sugar components, grasses, or potatoes; or  
11 34 other biomass.

11 35 (2) Natural gas produced from a biogas source including  
12 1 but not limited to a landfill, sewage waste treatment plant,  
12 2 animal feeding operation, or other place where decaying  
12 3 organic material is found.

12 4 b. Used to replace or reduce the quantity of fossil fuel  
12 5 present in a motor fuel mixture used to operate a motor  
12 6 vehicle.

12 7 Sec. 12. NEW SECTION. 469.32 FINANCIAL INCENTIVES  
12 8 RELATING TO PRODUCTS FOR BIOREFINERIES == AUTHORIZATION.

12 9 The Iowa power fund board, with the assistance of the  
12 10 office of energy independence and other appropriate state  
12 11 agencies, may provide financial incentives and adopt necessary  
12 12 rules pursuant to chapter 17A in relation to the following:

12 13 1. Research, development, and commercialization of  
12 14 products derived from or developed for biorefineries,  
12 15 including but not limited to:

12 16 a. Renewable fuel such as cellulosic biomass renewable  
12 17 fuel, and associated agricultural or industrial coproducts  
12 18 which promise to provide environmentally benign product life  
12 19 cycles, promote rural economic development, and diversify  
12 20 energy resources.

12 21 b. Products to be used as feedstuffs for agricultural  
12 22 animals.

12 23 c. Other products to add value to the biorefinery supply  
12 24 chain.

12 25 2. Research, development, and commercialization of  
12 26 specialized crop varieties for use in biorefineries, equipment  
12 27 in production and harvesting, soil conservation, and crop  
12 28 management practices designed for sustainability.

12 29 3. Research, development, and commercialization of  
12 30 advanced manufacturing and information technology required for  
12 31 supporting biorefineries.

12 32 4. Market development of biorefinery products, including  
12 33 but not limited to public education, quality testing,  
12 34 transportation, and infrastructure financial support.

12 35 Sec. 13. NEW SECTION. 469.33 FEDERAL BIOMASS RESEARCH  
13 1 AND DEVELOPMENT PROGRAMS == AUTHORIZATION.

13 2 The Iowa power fund board, the office of energy  
13 3 independence, and other appropriate state agencies, shall  
13 4 cooperate with federal agencies and participate in federal  
13 5 programs including but not limited to programs under the  
13 6 federal Biomass Research and Development Act of 2000, 7 U.S.C.  
13 7 } 7624, et seq., in order to provide for the production of  
13 8 cost-competitive industrial products derived from biomass,  
13 9 including but not limited to renewable fuels, such as  
13 10 cellulosic biomass renewable fuels or biobased materials and  
13 11 biobased products, and associated agricultural or industrial  
13 12 coproducts which promise to provide environmentally benign  
13 13 product life cycles, promote rural economic development, and  
13 14 diversify energy resources.

13 15 Sec. 14. NEW SECTION. 469.34 FINANCIAL INCENTIVES FOR  
13 16 RENEWABLE ENERGY PRODUCTS == AUTHORIZATION.

13 17 The Iowa power fund board, with the assistance of the  
13 18 office of energy independence and other appropriate state  
13 19 agencies, may provide financial incentives and adopt necessary  
13 20 rules pursuant to chapter 17A in relation to the following:

13 21 1. Research, development, and commercialization of  
13 22 renewable energy.

13 23 2. Market development of renewable energy, including but  
13 24 not limited to public education, quality testing,  
13 25 transportation, transmission, and infrastructure.

13 26 Sec. 15. NEW SECTION. 469.35 FINANCIAL INCENTIVES FOR  
13 27 ENERGY EFFICIENCY PROJECTS == AUTHORIZATION.

13 28 The Iowa power fund board, with the assistance of the  
13 29 office of energy independence and other appropriate state  
13 30 agencies, may provide financial incentives to individuals or  
13 31 communities and adopt necessary rules pursuant to chapter 17A  
13 32 in relation to the following:

13 33 1. Research, development, and commercialization of  
13 34 technologies and practices that improve energy efficiency.

13 35 2. Implementation of technologies and practices that  
14 1 improve energy efficiency.

14 2 3. Public education efforts encouraging improved energy

14 3 efficiency.  
14 4 Sec. 16. Section 473.7, subsection 1, Code 2007, is  
14 5 amended to read as follows:  
14 6 1. ~~Deliver to the general assembly by January 15, 1990, a~~  
~~14 7 plan for the development, management, and efficient~~  
~~14 8 utilization of all energy resources in the state. The plan~~  
~~14 9 shall evaluate existing energy utilization with regard to~~  
~~14 10 energy efficiency and shall evaluate the future energy needs~~  
~~14 11 of the state. The plan shall include but is not limited to~~  
~~14 12 the following elements:~~ Assist the director of the office of  
14 13 energy independence with preparation of the Iowa energy  
14 14 independence plan as provided in section 469.4. In addition  
14 15 to assistance requested by the director, the department shall  
14 16 supply and annually update the following information:  
14 17 a. The historical use and distribution of energy in Iowa.  
14 18 b. The growth rate of energy consumption in Iowa,  
14 19 including rates of growth for each energy source.  
14 20 c. A projection of Iowa's energy needs at a minimum of ~~ten~~  
~~14 21 years into the future through the year 2025.~~  
14 22 d. The impact of meeting Iowa's energy needs on the  
14 23 economy of the state, including the impact of energy  
14 24 efficiency and renewable energy on employment and economic  
14 25 development.  
14 26 e. The impact of meeting Iowa's energy needs on the  
14 27 environment of the state, including the impact of energy  
14 28 production and use on greenhouse gas emissions.  
14 29 f. An evaluation of alternative renewable energy sources  
14 30 and uses of energy, including the current and future  
14 31 technological potential for such sources.  
14 32 g. ~~Legislative recommendations that may be necessary as a~~  
~~14 33 basis for a state policy for the development and efficient~~  
~~14 34 utilization of energy resources.~~  
14 35 h. ~~An evaluation of the ability of existing laws and~~  
~~15 1 regulations surrounding the utilization of energy resources.~~  
15 2 ~~The department shall develop the plan with the assistance~~  
~~15 3 of, and in consultation with, representatives of the energy~~  
~~15 4 industry, economic interests, the public, and other interested~~  
~~15 5 parties. The department shall submit a report to the general~~  
~~15 6 assembly concerning the status and implementation of the plan~~  
~~15 7 on a biennial basis. The biennial update shall contain an~~  
~~15 8 evaluation of all state energy programs including expected~~  
~~15 9 versus actual benefits and forecasts of future energy demand~~  
~~15 10 in Iowa.~~

15 11 Sec. 17. Section 476.6, subsection 14, Code 2007, is  
15 12 amended to read as follows:  
15 13 14. ENERGY EFFICIENCY PLANS. Electric and gas public  
15 14 utilities shall offer energy efficiency programs to their  
15 15 customers through energy efficiency plans. An energy  
15 16 efficiency plan as a whole shall be cost-effective. In  
15 17 determining the cost-effectiveness of an energy efficiency  
15 18 plan, the board shall apply the societal test, utility cost  
15 19 test, rate-payer impact test, and participant test. Energy  
15 20 efficiency programs for qualified low-income persons and for  
15 21 tree planting programs, educational programs, and assessments  
15 22 of consumers' needs for information to make effective choices  
15 23 regarding energy use and energy efficiency need not be  
15 24 cost-effective and shall not be considered in determining  
15 25 cost-effectiveness of plans as a whole. The energy efficiency  
15 26 programs in the plans may be provided by the utility or by a  
15 27 contractor or agent of the utility. Programs offered pursuant  
15 28 to this subsection by gas and electric utilities that are  
15 29 required to be rate-regulated shall require board approval.

15 30 Sec. 18. IOWA POWER FUND. There is appropriated from the  
15 31 general fund of the state to the office of energy independence  
15 32 for the fiscal year beginning July 1, 2006, and ending June  
15 33 30, 2007, the following amount, or so much thereof as is  
15 34 necessary, to be used for the purposes designated:  
15 35 For deposit in the Iowa power fund created in section  
16 1 469.9:  
16 2 ..... \$ 24,670,000  
16 3 Of the moneys appropriated to the office and deposited in  
16 4 the fund, there shall be allocated two million five hundred  
16 5 thousand dollars to the department of economic development for  
16 6 deposit into the workforce training and economic development  
16 7 funds of the community colleges created pursuant to section  
16 8 260C.18A. Of the funds so deposited into the workforce  
16 9 training and economic development funds of the community  
16 10 colleges, two million five hundred thousand dollars shall be  
16 11 used each year in the development and expansion of energy  
16 12 industry areas and for the department's north American  
16 13 industrial classification system for targeted industry areas

16 14 established pursuant to section 260C.18A.  
16 15 Sec. 19. ENERGY EFFICIENCY STUDIES == IOWA UTILITIES  
16 16 BOARD.

16 17 1. ENERGY EFFICIENCY PLANS. The Iowa utilities board, in  
16 18 conjunction with other interested parties, shall conduct a  
16 19 study of the energy efficiency plans and programs offered by  
16 20 all gas and electric utilities pursuant to section 476.6 to  
16 21 determine the status and effectiveness of energy efficiency  
16 22 programs in the state, using the most accurate and up-to-date  
16 23 information available to the board during the time period  
16 24 prescribed for the study. The board shall report the results  
16 25 of the study, with recommendations for best practices to  
16 26 increase energy efficiency and reduce energy consumption, to  
16 27 the members of the general assembly by January 1, 2008.

16 28 2. FUTURE CONSUMER ENERGY REDUCTION PLAN. The Iowa  
16 29 utilities board, in conjunction with the Iowa energy center,  
16 30 shall conduct a consumer survey and study relating to consumer  
16 31 knowledge of energy use and energy efficiency, and methods for  
16 32 increasing such knowledge, with the objective of reducing  
16 33 consumer energy utilization. The board shall report the  
16 34 results of the study to the members of the general assembly by  
16 35 January 1, 2008.

17 1 Sec. 20. EFFECTIVE DATE. This Act, being deemed of  
17 2 immediate importance, takes effect upon enactment.

17 3 EXPLANATION

17 4 This bill creates the office of energy independence, the  
17 5 position of director of the office of energy independence, the  
17 6 Iowa power fund board, a due diligence committee, and the Iowa  
17 7 power fund in new Code chapter 469. Duties for the office,  
17 8 director, committee, and board are specified. Grants, loans,  
17 9 and investments made from the fund are subject to approval by  
17 10 the board.

17 11 The bill provides that the Iowa power fund shall be used to  
17 12 further the goals of increasing the research, development,  
17 13 production, and use of biofuels and other sources of renewable  
17 14 energy, improve energy efficiency, and reduce greenhouse gas  
17 15 emissions, and shall encourage, support, and provide for  
17 16 research, development, commercialization, and the  
17 17 implementation of energy technologies and practices. Further,  
17 18 the technologies and practices are intended to reduce the  
17 19 state's dependence on foreign sources of energy and fossil  
17 20 fuels.

17 21 The bill specifies that moneys appropriated to the fund or  
17 22 otherwise deposited into the fund shall be used to provide  
17 23 financial assistance to entities in this state conducting  
17 24 business, research, or programs to accelerate research and  
17 25 development, knowledge transfer, technology innovation, and  
17 26 improve economic competitiveness, and to increase the demand  
17 27 for and educate the public about technologies and approaches,  
17 28 all in furtherance of the goals established for the fund.  
17 29 Eligibility criteria for grants or loans from the fund, to be  
17 30 established by the director, are set forth.

17 31 The bill appropriates \$24,670,000 to the Iowa power fund  
17 32 from the general fund of the state for fiscal year 2006=2007,  
17 33 and \$25 million annually for fiscal years 2008=2009,  
17 34 2009=2010, and 2010=2011. The bill makes an allocation from  
17 35 the appropriated amounts of at least 10 percent of the moneys  
18 1 appropriated for energy planning, energy education, and energy  
18 2 efficiency. The bill also allocates on an annual basis \$2.5  
18 3 million to the department of economic development for deposit  
18 4 into the workforce training and economic development funds of  
18 5 the community colleges for use each year in the development  
18 6 and expansion of energy industry areas and for the  
18 7 department's north American industrial classification system  
18 8 for targeted industry areas.

18 9 In a separate subchapter of new Code chapter 469, the bill  
18 10 authorizes the Iowa power fund board, with the assistance of  
18 11 the office of energy independence and other appropriate state  
18 12 agencies, to provide financial incentives and adopt necessary  
18 13 rules for biomass, biorefinery, renewable energy, and energy  
18 14 efficiency projects. The incentives and rules are primarily  
18 15 focused upon research, development, commercialization, and  
18 16 market development in connection with products from  
18 17 biorefineries and renewable energy products, and additionally  
18 18 implementation of technologies and practices that improve  
18 19 energy efficiency and public education efforts relating to  
18 20 energy efficiency projects. The bill provides authorization  
18 21 for the board, office, and other state agencies to cooperate  
18 22 with federal agencies and participate in federal biomass  
18 23 programs.

18 24 The bill additionally modifies provisions of Code section

18 25 473.7 to facilitate assistance from the department of natural  
18 26 resources with the preparation of the Iowa energy independence  
18 27 plan. The bill adds educational programs and assessments of  
18 28 consumers' needs for information conducted pursuant to energy  
18 29 efficiency programs offered by electric and gas public  
18 30 utilities pursuant to Code section 476.6, provides that such  
18 31 programs and assessments need not be cost-effective, and  
18 32 specifies that energy efficiency programs offered by  
18 33 rate-regulated gas and electric utilities are subject to  
18 34 approval by the Iowa utilities board.

18 35 The bill provides for the establishment of two energy  
19 1 efficiency studies relating to energy efficiency plans and  
19 2 programs offered by gas and electric utilities pursuant to  
19 3 Code section 476.6, and relating to consumer knowledge of  
19 4 energy efficiency and methods for increasing such knowledge,  
19 5 respectively.

19 6 The bill takes effect upon enactment.

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